



Director of
Central
Intelligence

~~Top Secret~~

25X1

OCPAS/CIG

CI# 285

25X1

National Intelligence Daily

Saturday
24 December 1983

~~Top Secret~~

OCPAS MID-83-300-1X

24 December 1983

CI# 285

25X1

Page Denied

Top Secret



25X1

Contents

PLO: Arafat's Strategy 1

Iraq-Iran: Military Action in the Persian Gulf 2

Netherlands-China-Taiwan: Status of Submarine Sales 3



25X1

Nicaragua-Honduras: Refugees Arrive 5

Philippines: Election Concession 5

Italy-Lebanon: Pertini's Views on MNF 6

France-Angola: Possible Helicopter Sale 6



25X1

USSR-Japan: Declining Bilateral Trade 8

Special Analysis

Eastern Europe-USSR: Resisting Soviet Countermeasures ... 9



Top Secret



24 December 1983

25X1

25X1

Top Secret

25X1

PLO: Arafat's Strategy

PLO Chairman Arafat is being widely criticized within the organization—even by moderates—for meeting with Egyptian President Mubarak, but he probably hopes this will subside as he prepares for the next round of diplomatic maneuvering. []

25X1

George Habbash and Naif Hawatmah, the influential leaders of the PLO's two Marxist guerrilla groups and allies of Arafat in his struggle with PLO dissidents, have joined Fatah rebels and leaders of three other anti-Arafat PLO groups in denouncing the meeting. The Central Committee of Arafat's own Fatah organization criticized him for acting without consulting other PLO members, although it did not condemn the meeting outright. []

25X1

Arab states, meanwhile, are preparing to receive the dispersed Palestinian fighters. Approximately 500 Iraqi-supported fighters that fought with Arafat have arrived in Baghdad from Cyprus. []

25X1

25X1

Comment: Arafat, in meeting with Mubarak, apparently decided to risk the loss of Marxist support. He is unlikely, however, to have written off support from his own loyalists. He will try to secure their backing again by embarking on a round of high-level consultations among Arab moderates, emphasizing his role as a key figure in the Middle East dialogue. []

25X1

Arafat probably hopes his indication of willingness to break with the radicals will drive a wedge between the US and Israel and perhaps lead to PLO discussions with the US. At a minimum, he is gambling that he can offer enough hope for such developments in the broader Middle East peace process to offset the opposition caused by his meeting with Mubarak. []

25X1

25X1

Top Secret

25X1

24 December 1983

Page Denied

Top Secret



25X1

IRAQ-IRAN: Military Action in the Persian Gulf

Iraq continues to attack shipping in the northern Persian Gulf, while Iran may have strengthened its forces near the Strait of Hormuz.



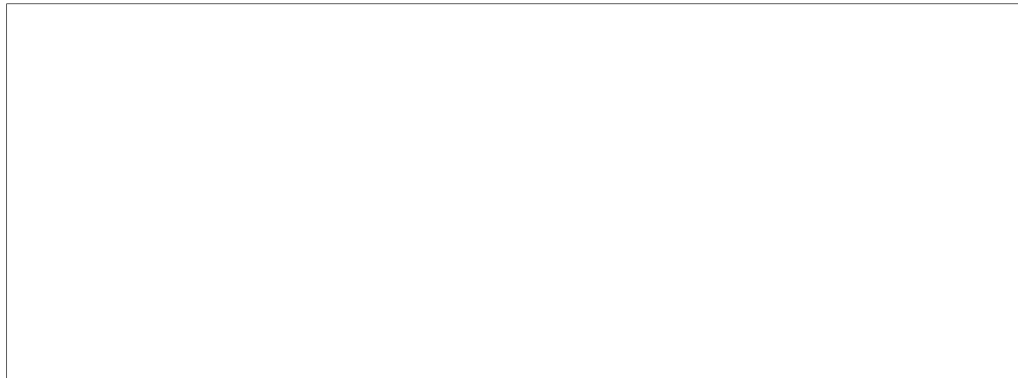
25X1

Baghdad claims its air and naval forces sank four Iranian ships in two attacks near Bandar-e Khomeyni Thursday and yesterday. Iran says it downed an Iraqi MIG-23 during one of the engagements. On Thursday, a senior Iraqi military officer stated that Iraq should strike targets deep in Iran and hit other vital installations to force Tehran to end the war.



25X1

25X1



Comment: Early in the war Iraq unsuccessfully tried to disrupt the internal distribution of Iranian petroleum products by hitting refineries and pipeline pumping stations. Baghdad may be laying the groundwork for a similar effort to strike targets deep in Iran to disrupt the Iranian economy.

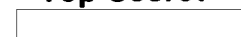


25X1

25X1



Top Secret



25X1

Top Secret

25X1

NETHERLANDS-CHINA-TAIWAN: Status of Submarine Sales

The decision this week by the Dutch cabinet not to allow the sale of more submarines to Taiwan probably will be approved by the parliament in an extraordinary session next Wednesday.

25X1

Economics Minister van Aardenne says the cabinet's action is in accord with a decision of the previous Government of the Netherlands. That government had approved the sale of two submarines to Taiwan in 1981 but stated that it would be a "one-time event." Van Aardenne adds that the sale of more submarines would damage relations with China and that the further supply of materiel would harm prospects for peace between China and Taiwan.

25X1

Unions, the business community, and local governments are divided on the decision, depending on whether they see their economic interests better served by China or by Taiwan. The US Embassy reports that the Liberal Party, the junior partner in the coalition with the Christian Democratic Appeal, strongly favors the sale but will not bring down the government over the issue.

25X1

Comment: The decision in large part reflects the Christian Democratic Appeal's preoccupation with moral aspects of government actions, despite possible economic repercussions and further strains on the defense budget. The Netherlands has a 17-percent unemployment rate, and the loss of the contract for two to four additional submarines could cost another 5,000 jobs. In addition, Taiwan had hinted at more orders for the shipbuilding industry, which may now be lost.

25X1

The government already has altered planned modernization programs for the Navy at the expense of other portions of the defense budget in order to aid the shipbuilding industry. Further diversions to compensate for the lost submarine order—as demanded by members of parliament on both sides of the aisle—could seriously delay other defense programs already hard hit by budgetary constraints.

25X1

The Chinese have alluded to the prospect of increased trade with the Dutch, if the submarine deal were disapproved. The Hague probably will become a more important trading partner to China over the long term.

25X1

Top Secret

25X1

Page Denied

Top Secret

25X1



25X1

Top Secret

25X1

Top Secret

25X1

NICARAGUA-HONDURAS: Refugees Arrive

The latest exodus of Miskito Indians from northeastern Nicaragua is a major embarrassment for Managua. The Roman Catholic bishop of Bluefields crossed safely into Honduras yesterday with more than 1,000 Miskito Indians, escorted by guerrillas of the Misura movement. The Sandinistas, who earlier claimed the guerrillas had murdered the bishop, now accuse the US of organizing the entire incident to undermine the amnesty they recently offered to antiregime elements. Miskito leaders, however, cited obligatory military service, lack of food, and restrictions in their former home as reasons for fleeing. []

25X1

Comment: The Sandinistas have claimed that they have improved their treatment of the native peoples on the east coast and that their resettlement efforts are well received. The flow of new refugees across the border, however, shows the continued failure of Managua's policies in the region. Misura leaders say many more Miskito Indians will enter Honduras soon. []

25X1

PHILIPPINES: Election Concession

President Marcos on Wednesday agreed to a new voter registration drive in preparation for the National Assembly elections in May. The "dominant opposition group" in each district will be invited to participate in the drive, and new lists of voters will be published by the local governments. Although the mechanics of the drive have not been worked out, Marcos said that it would not disenfranchise workers abroad and other voters who are unable to register. []

25X1

Comment: The concession comes after weeks of intense pressure from opposition politicians and businessmen for reforms that would ensure fair elections. They are certain to divide moderate opposition parties, which will vie for representation as the "dominant opposition group" in each district. The elections commission, which is controlled by members loyal to the President, presumably will oversee the registration drive. The category of voters unable to register could still provide a pool of votes for election fraud. []

25X1

25X1

Top Secret

25X1

Top Secret

25X1

ITALY-LEBANON: Pertini's Views on MNF

President Pertini told reporters yesterday that Italy risks becoming entangled in a war if its troops stay in Lebanon. He noted that the threat of direct conflict between Israel and the PLO provided the original justification for the Multinational Force and that the situation has been altered significantly by the evacuation of PLO chief Arafat's forces. Pertini also said that, during his message to the people on 31 December, he will call for withdrawal of the Italian contingent. An official in the Foreign Ministry subsequently assured the US Embassy that Pertini's remarks would not affect the official Italian position. []

25X1

Comment: Pertini's remarks almost certainly will increase public pressure on the government for a complete withdrawal of the Italian contingent. They also are likely to weaken support for the Multinational Force among Prime Minister Craxi's Socialists and strengthen opposition to participation from other members of the coalition. Craxi and Defense Minister Spadolini probably will continue to argue privately against withdrawal soon, and they will try to persuade Pertini to temper his message. Any new compromise on participation that emerges will be fragile, however, and Rome will be especially sensitive to hints about withdrawal from other contributors to the Multinational Force. []

25X1

FRANCE-ANGOLA: Possible Helicopter Sale

South African press reports state that France is preparing to lease 37 Dauphin helicopter gunships to Angola for use against UNITA insurgents. Sources of the US Embassy in Pretoria say the French recently briefed the West Germans about a delivery to Luanda of six Alouette III helicopters. []

25X1

25X1

Top Secret

25X1

Page Denied

Next 1 Page(s) In Document Denied

Top Secret

25X1

25X1

USSR-JAPAN: Declining Bilateral Trade

Published Soviet statistics show that imports from Japan fell to \$2.3 billion during the first nine months of 1983, as compared with \$2.9 billion during the same period last year. Japanese trade data indicate that most of the drop is accounted for by substantially lower sales of linepipe, which were at record levels last year as a result of the rush to complete the gas export pipeline to Western Europe.

25X1

Comment: The decline in large-diameter pipe deliveries coincides with the entry into production of a Soviet pipe plant and expanded production at another. Western data indicate an increase in orders of such pipe from West German, French, and Italian firms, suggesting that Moscow may be redirecting trade to reduce large trade surpluses with these countries. Tokyo's support of credit and technology sanctions against the USSR also may have prompted the recent Soviet cutback.

25X1

Top Secret

25X1

Top Secret

25X1

Special Analysis**EASTERN EUROPE-USSR: Resisting Soviet Countermeasures**

Some of the USSR's allies are continuing to put up varying degrees of resistance to INF countermeasures, although all of them except Romania have publicly endorsed General Secretary Andropov's statement of 24 November. Earlier this year most of the East Europeans—with Romania in the lead—successfully blocked Soviet efforts to obtain the Warsaw Pact's endorsement of tough countermeasures. Hungary and Bulgaria reportedly have resisted Soviet pressure to accept missiles on their territories. East Germany and Czechoslovakia agreed to accept deployment of the SS-12/22, but some of their officials have expressed concern about the burdens involved. The USSR's recent warnings to its allies about their lack of support have had some success in Hungary and Czechoslovakia, but the East Europeans may believe the lack of decisive leadership in Moscow gives greater latitude to resist Soviet pressure.

25X1

The Soviets first encountered problems when they tried to obtain a strong statement by the Warsaw Pact endorsing additional missile basing in the East as a response to INF deployments. At regularly scheduled Warsaw Pact ministerial and leadership meetings this year, the Soviets' efforts to obtain a unified response were opposed by most of the East European representatives, with Romania the most outspoken.

25X1

25X1

At the extraordinary meeting of Warsaw Pact party leaders in Moscow in June, the USSR sought endorsement of a prepared document restating earlier Soviet threats to deploy additional missiles in agreement with the Warsaw Pact states. This proposed response to the Williamsburg Summit's endorsement of NATO's dual decision on INF reportedly was blocked by Romania, with Hungary and Bulgaria also arguing strongly against it. The Soviets' threatening language was replaced with a moderate communique calling for avoidance of any measures that could complicate an already tense situation.

25X1

Subsequent efforts by the USSR to persuade its allies to agree to the deployment of Soviet missiles on their territories have been only partially successful. Under bilateral agreements announced on 24 October between the USSR and East Germany and between the USSR and Czechoslovakia, sites are to be prepared for Soviet "tactical-operational" missiles. Soviet officials have said that these missiles will be SS-12/22s.

25X1

25X1

*continued***Top Secret**

25X1

Top Secret

25X1

The Soviets, however, would like to show that they have broad-based support in the Warsaw Pact for INF countermeasures. As a result, they reportedly have put pressure on other East European countries to accept Soviet missiles—thus far without success. [redacted]

25X1

Reactions in Hungary, Bulgaria, and Poland

Budapest has announced publicly that no missiles will be deployed in Hungary. [redacted]

25X1

25X1

Bulgarian leader Zhivkov has said there are no plans for counterdeployments in Bulgaria, and he continues to advocate a nuclear-weapons-free zone for the Balkans. [redacted]

25X1

25X1

Polish Premier Jaruzelski, [redacted] voiced concern earlier this year that Poland's internal situation made it inappropriate to station Soviet missiles there. [redacted]

25X1

25X1

25X1

Opposition in East Germany and Czechoslovakia

Efforts to demonstrate public support for Soviet counterdeployments in East Germany and Czechoslovakia have shown poor results. [redacted]

25X1

25X1

*continued***Top Secret**

25X1

Top Secret

25X1

Some East German and Czechoslovak diplomats have expressed concern about the economic burden associated with stationing Soviet missiles and about the increased danger to their countries in the event of war. A Soviet official recently said that the Central Committee plenums of East Germany and Czechoslovakia in November were marked by heated debate on this issue. [REDACTED]

25X1

Senior Czechoslovak officials also have complained about the lack of participation by other Warsaw Pact states. [REDACTED]

25X1

25X1

Extracting Endorsements

Some East Europeans recently have taken cognizance of increased Soviet pressure and have issued formal endorsements of INF countermeasures. Hungary organized a demonstration of support this week. Czechoslovakia has substantially curtailed diplomatic contacts with the NATO basing countries, probably as a sign of its backing. [REDACTED]

25X1

Romania is the only Warsaw Pact state that has not publicly endorsed Andropov's statement. Despite Soviet pressure, President Ceausescu continues to call on the Soviets to return to the INF negotiations and has attacked both Soviet and US plans to deploy missiles in Europe. When Warsaw Pact commander Kulikov traveled to Romania to lobby for the Soviet position, Ceausescu responded by organizing mass demonstrations in 29 cities calling for the elimination of nuclear missiles in the East and the West. [REDACTED]

25X1

Persistent Soviet Pressure

Recent statements by Soviet officials indicate that Moscow has not given up on broadening the scope of the countermeasures. A Soviet official recently said that the question of whether Poland and Hungary would deploy Soviet missiles remained open. [REDACTED]

25X1

25X1

Top Secret

25X1

Top Secret

25X1

Top Secret